

# FISCAL NOTE

**STATE OF ALASKA**  
**2009 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version:                     **HB30**                      
 () Publish Date: \_\_\_\_\_

Identifier (file name):                     **HB30-UA-Sysbra-03-17-09**                     Dept. Affected:                     University of Alaska                      
 Title                     An act repealing the defined contribution retirement plans for RDU                     University of Alaska                      
   teachers and public employees... Component                     Sysbra                      
 Sponsor                     Representatives Harris, Hawker, and Munoz                      
 Requester                     Labor and Commerce                     Component Number   

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

|                               | Appropriation<br>Required | Information    |                |                |                |                |                |
|-------------------------------|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                               |                           | FY 2010        | FY 2011        | FY 2012        | FY 2013        | FY 2014        | FY 2015        |
| <b>OPERATING EXPENDITURES</b> |                           |                |                |                |                |                |                |
| Personal Services             |                           | 1,536.2        | 1,605.3        | 1,677.5        | 1,753.0        | 1,831.9        | 1,914.3        |
| Travel                        |                           |                |                |                |                |                |                |
| Contractual                   |                           |                |                |                |                |                |                |
| Supplies                      |                           |                |                |                |                |                |                |
| Equipment                     |                           |                |                |                |                |                |                |
| Land & Structures             |                           |                |                |                |                |                |                |
| Grants & Claims               |                           |                |                |                |                |                |                |
| Miscellaneous                 |                           |                |                |                |                |                |                |
| <b>TOTAL OPERATING</b>        | <b>0.0</b>                | <b>1,536.2</b> | <b>1,605.3</b> | <b>1,677.5</b> | <b>1,753.0</b> | <b>1,831.9</b> | <b>1,914.3</b> |

|                             |  |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|--|
| <b>CAPITAL EXPENDITURES</b> |  |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|--|

|                               |  |  |  |  |  |  |  |
|-------------------------------|--|--|--|--|--|--|--|
| <b>CHANGE IN REVENUES ( )</b> |  |  |  |  |  |  |  |
|-------------------------------|--|--|--|--|--|--|--|

**FUND SOURCE** (Thousands of Dollars)

|                            |            |                |                |                |                |                |                |
|----------------------------|------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 1002 Federal Receipts      |            |                | 192.6          | 201.3          | 210.4          | 219.8          | 229.7          |
| 1003 GF Match              |            |                |                |                |                |                |                |
| 1004 GF                    |            | 1,536.2        | 963.2          | 1,006.5        | 1,051.8        | 1,099.1        | 1,148.6        |
| 1005 GF/Program Receipts   |            |                |                |                |                |                |                |
| 1037 GF/Mental Health      |            |                |                |                |                |                |                |
| Other Interagency Receipts |            |                | 449.5          | 469.7          | 490.8          | 513.0          | 536.0          |
| <b>TOTAL</b>               | <b>0.0</b> | <b>1,536.2</b> | <b>1,605.3</b> | <b>1,677.5</b> | <b>1,753.0</b> | <b>1,831.9</b> | <b>1,914.3</b> |

Estimate of any current year (FY2009) cost: \_\_\_\_\_

**POSITIONS**

|           |  |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |  |

**ANALYSIS:** (Attach a separate page if necessary)

This fiscal note estimates the incremental cost of HB30 above amounts which will impact the University of Alaska's FY10 operating budget. Currently (FY09), new UA employees may choose between the State's Defined Contribution (DC) plans or the University's Optional Retirement Plan (ORP) and Pension Plan (Pension). If HB30 passes, new employees will choose the State's Defined Benefit (DB) Plan and possibly the Pension\* or ORP and Pension. The University assumes that new employees will choose the DB and Pension combination because of the perceived benefit and security of a DB plan, especially in the backdrop of recent huge market losses. This fiscal note assumes that the DB employer contribution rates will be the same as the effective DC rates, currently 22% and 12.56% for PERS and TRS, respectively. Finally, this estimate assumes all DC participants will elect to transfer to the DB plans and that they will have the Pension plan option.

FY11 through FY15 increase at 4.5% per year.  
 \*At the time of request for this fiscal note, University management/Regents have not determined whether it would offer the Pension with the DB plan and whether it would allow DC participants electing the DB plan the Pension option.

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   University of Alaska                    

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